Corporate Directors' Compensation
1985 Edition

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Corporate Directors' Compensation 1985 Edition

by Jeremy Bacon

A Research Report from The Conference Board

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Highlights

The highlights of the findings of the 1984 survey are summarized below. Note that changes as of 1984 are for *a single year*, whereas recent prior editions have been based on survey periods of *two* years.

• Median pay levels for directors increased again, on average, for 1984 over 1983—even though only a minority (47 percent) of responding firms gave their board members a raise during that year.

• Gains were posted in all three major industry groups; the smallest increase was for financial companies, which had had the highest percentage gains in the preceding two surveys. The following tabulation is based on total annual pay (board and committee compensation combined):

	Percentage increase in Median Total Annual Compensation
Manufacturing companies	11%
Financial companies	6%
Nonfinancial service companies	15%

• The dollar gains in medians for manufacturing and nonfinancial service companies are about $2,000, and are impressive because they roughly equal the dollar gains in those industries for the *two-year* period measured by the 1983 survey.

• The median total pay figures for the three industry categories for 1983 and 1984 are:

	Median Total Annual Compensation	
	1983	1984
Manufacturing companies	$17,000	$18,900
Financial companies	$13,425	$14,200
Nonfinancial service companies	$14,000	$16,125

• In manufacturing—the best-paying industry sector—the median annual compensation for the biggest firms (those with $5 billion in sales or more) is now almost $32,000.

• 97 percent of the manufacturing and nonfinancial service companies pay an annual retainer to their outside directors; 92 percent of the financial firms do so. Most companies also pay a per-meeting fee for attendance.

• Median retainers in companies paying both retainers and fees (the great majority) went up in the financial and nonfinancial service categories, by $1,000 and $2,100 respectively. Medians are $10,000 in both manufacturing and nonfinancial services, $8,000 in financial institutions. Median *fees* are unchanged from 1983.

• Almost every company surveyed has at least one board committee, and 88 percent of those companies give extra compensation to their directors for committee service. This figure is essentially unchanged from 1983.

• Committee chairmen get more pay than regular members in 42 percent of the companies having committees. This is only slightly more than in 1983, but it means that the practice of paying committee chairmen more for that responsibility has definitely caught on.

• More often than not, committee chairmen get extra payment in the form of an annual retainer (whereas other members usually get per-meeting fees for committee work).

• Overall, half the companies report either three or four board committees. But financial companies average more—closer to five. Overall, the largest companies, regardless of industry, show a median of five committees.

• Board committees in financial firms show slightly higher meeting frequencies than those in the other two categories, especially in the case of executive and finance committees.

• The practice of providing benefits in addition to cash compensation to outside directors continues to edge ahead. Three-fourths of the 1984 respondents report some form of benefit, not counting directors and officers liability insurance; five years ago only a little more than two-fifths did so.

• Deferred-compensation plans are offered to directors by 51 percent of the 1984 cooperators, a gain of 9 percent in just a year. Insurance coverages of various kinds outnumber noninsured forms of benefits, as in past surveys.

Why This Report

This marks The Conference Board's first *annual* report on directors' compensation since the inception of the series in 1938. It measures changes for the single year since 1983, whereas previous editions have been published every two years since 1973.

Why every year? Because the rate at which board compensation has been rising and the continuing interest in this subject, as evidenced by inquiries from our Associate companies, both strongly recommended it. We believe that yearly updating will make this widely used index of directors' pay significantly more useful and valuable.

Like its predecessors in this series, this report is broad in its coverage—963 U.S. companies in 42 industry categories are included—and detailed. Its chief purpose is to help the corporate executive or director stay abreast of board compensation and assess his or her company's practices against those of comparable firms. In addition to giving dollar figures, it also measures trends and spotlights new developments that may signal future trends.

The one-year findings for 1984 confirm that average directors' pay continues to increase (at a healthy rate), that the highest pay to directors is still found in manufacturing, and that fringe benefits for outside directors continue to gain favor, although the increases are small for most benefits.

We are indebted once again to the corporate secretaries and other executives who completed the questionnaire for this survey. Cooperation from the National Office of the American Society of Corporate Secretaries is also gratefully acknowledged (a word about the Society appears on the inside front cover).

JAMES T. MILLS
President

Method, Sample and Terminology

The information for this report was collected during May and early June of 1984 by means of a questionnaire that was sent to the members of the American Society of Corporate Secretaries, plus a small number of additional firms. The total number of respondents on which the figures in the report are based is 963: 470 manufacturers, 193 financial companies, and 300 nonfinancial service firms (including 8 mining companies). All respondents are United States companies; and, in almost all cases, they are independent or parent companies, rather than subsidiaries.

About Data Analysis:

Industry and size categories: For analytical purposes, data are often broken down in one of three ways:

- By three major industry categories (manufacturing, financial, nonfinancial service);
- By individual industry (42 in all) within those categories;
- By company size, using 14 size groups ranging from under $10 million to over $5 billion in sales, except for financial firms, whose size is measured in total assets.

Percentages and central tendencies: In most cases, the base used for calculating percentages is the number of companies that answered the particular question or part of a question; companies that did not reply, or indicated that the question is not applicable, are omitted from the calculation. They are also omitted from the number of companies indicated in table headings.

Medians, rather than mathematical averages (means), are usually used to show representative or typical values. A median is the middle value in a distribution arrayed by size, above and below which lie an equal number of values. Means and modes (most frequently reported values) are used in a few cases where they help to clarify comparisons.

Survey samples: The companies that respond are not exactly the same from one survey to the next. Thus, measurements of change between surveys are based on statistics from comparable samples, not change within an identical repeated sample.

Total annual compensation: The study uses a figure which is unique to this series: "total potential annual compensation (regular board service plus committee service) to representative outside directors." In most cases this figure is provided specifically by the survey respondent; in other cases, it is calculated. It represents what a typical director of a given company makes in a year, if he or she attends all required board and committee meetings. We believe it to be the best single indication of board pay for use in comparing companies.

Terminology: This report deals only with compensation of the "outside director," which for this purpose means a director who is not presently an employee of the company. The term "retainer" indicates in every case an amount paid on an annual basis (although it may actually be paid out in installments during the year), and that is not directly related to and does not depend on attendance at board (or committee) meetings. The term "fee" means an amount paid for attendance on a per-meeting basis.

"Regular board service" refers to meetings and other work of the full board, as distinguished from service as a member of one or more board committees.

Chapter 1

Total Annual Compensation of Outside Directors

This chapter contains information about how much outside directors make for a year's board work, including committee service. It presents this information by major industry category, by 42 specific industries, and by company size within industry categories. It includes both dollar figures and amounts of increase (or decrease) since the 1983 survey.

All tables in the chapter are based on one figure for each company, representing what the most typical outside director on that company's board should earn in a year (see box). Later chapters deal separately with board-only compensation and with committee compensation.

Increases Since 1983

Overall, 47 percent of the companies responding to a question on this point gave their outside directors raises between 1983 and 1984. In 1983, 58 percent reported an increase. However, that covered a two-year period, not a single year.

In terms of dollar amounts, it is clear from Table 1 that, on average, compensation levels have continued to increase.

As the table shows:

- Service companies registered the biggest jump in median annual pay for directors; financial companies, which had shown the biggest gains in the two prior surveys, had the smallest increase this time.
- In dollar terms, the manufacturing sector and the nonfinancial service companies registered very similar gains in median pay. These increases were also about the same as the two-year increase shown in these two industry categories in the prior survey. The 1984 figures, therefore, represent relatively strong gains.

Compensation in Manufacturing Companies—By Industry

Table 2 presents information for individual industries within the manufacturing category. While changes since 1983 vary considerably from one industry to the next, most industries do show an increase in the one-year interval. The highest median, $26,250, is found in the drug and cosmetics industry, as was the case in 1983. The reader should be cautioned that in a few industries the number of companies represented is small enough to make the median figure a volatile one.

Compensation in Manufacturing Companies—By Company Size

Table 3 gives figures for manufacturers on a company-size basis. In manufacturing, more than in other industry categories, it continues to be generally true that the larger the company, the higher the compensation of its directors. The percentage increases over 1983 in the largest size ranges are small, however. This may be an indication that direc-

About the Total Potential Annual Compensation Figure

One of the basic purposes of this survey is to enable useful comparisons. In particular, we have in mind the corporate reader (or director) who wants to see how his or her company's directors' compensation compares with that of companies of similar size in the same or a similar industry or industries. Thus, The Conference Board survey in recent years has emphasized one figure in particular for each participating company: how much a *typical* outside director of that company can expect to make, in total, for a full year's service on the board, counting committees. This figure serves as the basis for the tables presented in this chapter.

We call this figure "total potential annual compensation (regular board service plus committee service) to representative outside directors." It is based on the assumption that the typical director attends, and therefore is paid for, every board meeting and every meeting of every board committee on which he or she serves; it is the *potential* compensation for full participation.

Because the figure is for what the *most representative or typical* director on that board makes, on most boards, some directors will make more, some less, depending on committee assignments or chairmanships.

tors' pay in large manufacturing firms has largely found its level, after some substantial increases during the 1970's.

Compensation in Financial Companies—By Industry

Figures for financial companies (again, median figures for total potential annual compensation) appear in Tables 4 and 5. In Table 4, which presents these figures by industry, only bank holding companies do not show a substantial increase over 1983. As in the 1983 survey, mutual life insurance companies have the highest median compensation among financial industries.

Compensation in Financial Companies—By Company Size

Table 5 indicates that directors' pay is not as closely related to company size (which is measured in assets for financial firms in this survey) as is the case among manufacturing companies. Nevertheless, the highest median is found in the largest size category. The table also indicates that there is no real pattern in increases or decreases since 1983 in the median, relative to size, among financial firms.

Compensation in Nonfinancial Service Companies—By Industry

Figures for the third major industry category—nonfinancial service and other nonmanufacturing companies—are found in Tables 6 and 7. All industries but conglomerates show a gain over 1983 (Table 6).

Compensation in Nonfinancial Service Companies—By Company Size

Table 7 shows that in this industry category, as in manufacturing, directors' compensation tends to increase with company size, although the trend line is less smooth. The median annual compensation figure for the biggest companies in this group is $27,000, up 11 percent from the 1983 survey.

Table 1: Amounts and Increases of Median Total Potential Annual Compensation[1] for Outside Directors in the Three Major Industry Categories, for 1983 and 1984

	1983		*1984*		
	Median Total Potential Annual Compensation	*Percent of Increase Over 1981[2]*	*Median Total Potential Annual Compensation*	*Amount of Increase Over 1983*	*Percent of Increase Over 1983*
Manufacturing companies	$17,000	13%	$18,900	$1,900	11%
Financial companies	$13,425	23%	$14,200	$ 775	6%
Nonfinancial service companies[3]	$14,000	17%	$16,125	$2,125	15%

[1]Based on amount paid to *average or most representative board member(s)* in each company, as determined and reported by respondents. Figures assume attendance at all meetings of board and assigned committees.

[2]A *two-year* figure.

[3]Includes eight mining companies.

Table 2: Total Annual Compensation (Regular Board Service Plus Committee Service) to Representative Outside Directors in 465 Manufacturing Companies, by Industry[1]

Industry	Number of Companies	Range of Compensation	1983 Median Annual Compensation (492 Companies)	1984 Median Annual Compensation (465 Companies)	Percentage Increase (Decrease)
Aerospace, aircraft and parts	18	$ 600–$39,000	$18,600	$21,000	13%
Apparel and related products	12	$ 4,000–$24,200	$17,500	$15,850	(9)
Appliances, TV and radio, housewares	5	$15,000–$23,000	N/A	$20,600	N/A
Chemicals, paints and related products	20	$ 7,200–$31,800	$18,500	$18,700	1
Conglomerate or widely diversified	59	$ 4,625–$39,625	$20,500	$20,400	(.5)
Construction, construction engineering	15	$ 5,000–$34,000	$15,900	$18,000	13
Construction materials and components (excluding lumber)	17	$ 6,200–$24,800	$14,750	$15,750	7
Containers, packaging	5	$17,000–$27,500	N/A	$22,000	N/A
Drugs, pharmaceuticals, cosmetics, soaps	28	$ 4,000–$37,000	$25,500	$26,250	3
Electrical industrial equipment	13	$ 6,600–$34,334	$19,250	$17,700	(8)
Food, beverages and related products	24	$10,000–$48,000	$17,125	$24,900	45
Instruments, controls, optical products	10	$ 7,500–$25,700	$12,875	$16,150	25
Lumber	5	$ 7,000–$24,300	$12,400	$15,600	26
Machinery: general industrial	11	$ 5,500–$28,400	$18,750	$21,200	13
Machinery: metalworking and special	11	$ 4,800–$22,363	N/A	$12,280	N/A
Miscellaneous consumer products	23	$ 4,000–$34,650	$15,000	$17,000	13
Miscellaneous industrial products	18	$ 8,988–$39,400	$16,500	$16,875	2
Motor vehicles and parts	12	$ 8,500–$44,000	$11,050	$19,700	78
Nonferrous metals	5	$18,500–$29,000	N/A	$25,000	N/A
Office equipment, computers, electronics	38	$ 1,600–$71,500	$15,800	$14,225	(10)
Paper and allied products	13	$15,125–$33,125	$21,725	$23,500	8
Petroleum products (including exploration, extraction)	48	$ 2,400–$48,000	$15,150	$21,000	39
Printing, printing products, publishing	21	$ 1,000–$31,000	$17,000	$18,000	6
Rubber products	7	$12,100–$27,000	$17,000	$17,500	3
Steel, iron	13	$ 9,500–$33,625	$17,000	$20,150	19
Textiles	9	$ 7,400–$25,400	$ 9,750	$15,000	54
Transportation equipment and parts	5	$ 9,500–$20,000	$18,960	$12,000	(37)

[1]Based on amount paid to *average or most representative board member(s)* in each company, as determined and reported by respondents. Figures assume attendance at all meetings of board and assigned committees. N/A = not available.

Table 3: Total Annual Compensation (Regular Board Service Plus Committee Service) to Representative Outside Directors in 465 Manufacturing Companies, by Company Size[1]

Company Size by Sales (Millions of Dollars)	Number of Companies	Range of Compensation	1983 Median Annual Compensation (490 Companies)	1984 Median Annual Compensation (465 Companies)	Percentage Increase (Decrease)
Under $25	14	$ 1,000–$21,750	$ 6,525	$ 4,900	(25)%
25–49	14	$ 1,900–$21,600	$ 8,275	$10,875	31
50–99	29	$ 3,500–$20,000	$ 9,000	$ 9,200	2
100–149	38	$ 3,250–$24,200	$ 9,750	$11,750	21
150–199	23	$ 4,000–$24,000	$12,500	$13,000	4
200–349	58	$ 2,400–$27,500	$13,875	$13,750	(1)
350–499	38	$ 9,500–$30,000	$14,200	$17,625	24
500–749	38	$ 600–$31,525	$14,583	$17,650	21
750–999	32	$ 8,500–$35,050	$18,000	$20,200	12
1,000–1,999	63	$10,000–$32,250	$21,380	$23,000	8
2,000–2,999	32	$13,500–$39,400	$23,125	$23,500	2
3,000–4,999	44	$16,500–$71,500	$27,000	$28,000	4
5,000 and over	42	$23,300–$48,000	$30,850	$31,900	3

[1]Based on amount paid to *average or most representative board member(s)* in each company, as determined and reported by respondents. Figures assume attendance at all meetings of board and assigned committees.

Table 4: Total Annual Compensation (Regular Board Service Plus Committee Service) to Representative Outside Directors in 189 Financial Companies, by Industry[1]

Industry	*Number of Companies*	*Range of Compensation*	*1983 Median Annual Compensation (182 Companies)*	*1984 Median Annual Compensation (189 Companies)*	*Percentage Increase (Decrease)*
Bank holding company	73	$2,000–$41,000	$14,000	$13,500	(4)%
Commercial banking	32	$1,200–$28,000	$10,550	$12,350	17
Insurance—fire and casualty	15	$4,800–$32,000	$14,700	$18,000	22
Insurance—mutual life	13	$4,800–$38,000	$20,000	$25,000	25
Insurance—stock life	14	$3,500–$39,200	$12,000	$11,600	(3)
Investment company	16	$3,500–$30,000	$ 8,350	$13,450	61
Miscellaneous financial service	26	$3,000–$32,500	$15,150	$20,000	32

[1]Based on amount paid to *average or most representative board member(s)* in each company, as determined and reported by respondents. Figures assume attendance at all meetings of board and assigned committees.

Table 5: Total Annual Compensation (Regular Board Service Plus Committee Service) to Representative Outside Directors in 189 Financial Companies, by Company Size[1]

Company Size by Assets (Millions of Dollars)	*Number of Companies*	*Range of Compensation*	*1983 Median Annual Compensation (181 Companies)*	*1984 Median Annual Compensation (189 Companies)*	*Percentage Increase (Decrease)*
Under $100	12	$1,200–$30,000	$ 5,450	$ 7,450	37%
100–199	7	$3,000–$29,200	$10,200	$ 6,000	(41)
200–349	12	$2,700–$20,000	$ 7,600	$ 6,000	(21)
350–499	8	$3,700–$20,000	$ 4,600	$ 9,750	112
500–749	8	$2,700–$18,000	$ 9,500	$ 8,400	(12)
750–999	11	$5,500–$26,000	$ 6,300	$13,650	117
1,000–1,999	22	$5,000–$29,116	$12,100	$11,700	(3)
2,000–2,999	19	$5,000–$32,000	$11,000	$14,000	27
3,000–4,999	24	$5,700–$30,000	$14,600	$13,750	(6)
5,000 and over	66	$3,000–$41,000	$19,000	$21,625	14

[1]Based on amount paid to *average or most representative board member(s)* in each company, as determined and reported by respondents. Figures assume attendance at all meetings of board and assigned committees.

Table 6: Total Annual Compensation (Regular Board Service Plus Committee Service) to Representative Outside Directors in 298 Nonfinancial Service Companies, by Industry[1]

Industry	*Number of Companies*	*Range of Compensation*	*1983 Median Annual Compensation (309 Companies)*	*1984 Median Annual Compensation (298 Companies)*	*Percentage Increase (Decrease)*
Conglomerate or widely diversified	20	$7,500–$52,000	$21,500	$21,100	(2)%
Holding company[2]	32	$3,063–$34,100	$11,450	$16,338	43
Merchandising—retail	39	$1,800–$45,000	$16,000	$18,100	13
Merchandising—wholesale	9	$9,000–$25,500	$13,400	$15,000	12
Mining	8	$8,500–$32,000	$18,000	$19,500	8
Miscellaneous services[3]	53	$3,750–$37,000	$15,750	$17,000	8
Public utility	116	$2,000–$36,975	$12,800	$14,000	9
Transportation (including pipeline)	21	$3,800–$46,900	$17,550	$22,000	25

[1]Based on amount paid to *average or most representative board member(s)* in each company, as determined and reported by respondents. Figures assume attendance at all meetings of board and assigned committees.

[2]Excluding *bank* holding companies.

[3]Includes such industries as communications, consulting, health care, hotels, maintenance.

Table 7: Total Annual Compensation (Regular Board Service Plus Committee Service) to Representative Outside Directors in 297 Nonfinancial Service Companies, by Company Size[1]

Company Size by Sales (Millions of Dollars)	*Number of Companies*	*Range of Compensation*	*1983 Median Annual Compensation (309 Companies)*	*1984 Median Annual Compensation (297 Companies)*	*Percentage Increase (Decrease)*
Under $25	8	$ 3,800–$22,050	$ 6,800	$ 7,500	10%
25–49	9	$ 3,063–$18,000	$ 8,700	$10,000	15
50–99	17	$ 1,800–$36,400	$ 6,900	$10,000	45
100–149	15	$ 7,200–$20,600	$ 9,000	$ 9,500	6
150–199	17	$ 3,750–$23,000	$10,250	$14,300	40
200–349	28	$ 3,450–$30,000	$11,850	$12,375	4
350–499	37	$ 5,100–$30,800	$11,100	$12,800	15
500–749	22	$ 5,000–$27,000	$12,800	$12,100	(5)
750–999	18	$ 7,500–$36,975	$12,900	$16,925	31
1,000–1,999	49	$ 5,500–$52,000	$16,000	$17,000	6
2,000–2,999	21	$14,500–$46,900	$19,600	$19,500	(1)
3,000–4,999	29	$ 6,000–$38,450	$22,000	$25,000	14
5,000 and over	27	$10,350–$37,000	$24,225	$27,000	11

[1]Based on amount paid to *average or most representative board member(s)* in each company, as determined and reported by respondents. Figures assume attendance at all meetings of board and assigned committees.

Chapter 2

Forms and Amounts of Compensation for Regular Board Service

This chapter deals with one of the two major components of total annual compensation: compensation for regular board service. Board committee pay, the other component of the total, is covered in Chapter 3. This chapter presents information on the forms of payment made to directors for board service—annual retainers, per-meeting fees, or both—and on the amounts involved.

For the first time in this series of surveys, figures on total board-only compensation are reported. Also included for the first time is information on the frequency of board meetings. It is obvious that board-meeting frequency affects the total compensation figure, but this information may also be of interest as a general indication of board activity and involvement.

Forms of Compensation for Regular Board Service

Payment of a per-meeting fee rewards and encourages attendance at board meetings. Paying a retainer, which is not dependent on meeting attendance, serves one or more different purposes. Among them are: recognition of time spent on board matters in addition to meetings; recognition of the importance or status of the people who serve as directors; recognition of such contributions as expert advice and sound judgment that are not a function of time spent; a means of adding a non-fluctuating basis to the compensation package and/or making it significantly more substantial; perhaps a recognition of the exposure to legal liability that goes with being a director today.

Whatever the particular motivations from company to company, retainers have become the predominant component of director compensation. The figures in Table 8 showing the prevalence of the retainer are only 1 or 2 percent higher than the comparable 1983 figures. In most cases, as the table shows, a per-meeting fee is also paid. However, 16 percent of the manufacturing firms pay by retainer only.

Amounts of Annual Retainers

Table 9 contains information on the dollar value of retainers paid for regular board service. It shows the range and the median of retainers reported in the 1984 survey, for the three major industry groups. As might be expected, the median retainers for the retainer-only companies are larger than for those that also pay a meeting fee.

The median retainer for manufacturing companies that use both methods of payment is unchanged from 1983, at $10,000; the same figure for financial companies is up to $8,000, a $1,000 increase from the year before; and for non-financial service companies the median retainer jumped to $10,000 from $7,900 in 1983.

Table 10 gives a more detailed picture of the size of retainers paid. The table provides a breakdown of retainers by company size. It points up three characteristics of retainers:

—Except in financial firms, retainer size tends to bear a relationship to company size.

—Manufacturing companies pay larger retainers, generally.

—Retainers are the biggest component of directors' compensation. For example, the median retainer for directors of the largest category of manufacturing companies is $20,000; the median *total* board-only pay (excluding committee pay) for those same companies is $25,000 (Table 12); and the median total figure *including* compensation for committees for these companies is $31,900 (Table 3).

Amounts of Per-Meeting Fees

Table 11 deals with per-meeting fees for regular board meetings. The medians for companies that pay both a fee and a retainer for board service are unchanged from 1983.

Total Board-Only Compensation

This section presents information on total pay for regular board service *only*, leaving out payment (if any) that is specifically for committee service. The formula for the board-only compensation figure that was computed for each company for use in this section is simple:

annual retainer for regular board service +
(the board meeting fee × the number of board meetings in a year)

Table 12 presents median board-only figures by company size, in the three major industry categories, plus overall

median figures for each category. Table 13 shows the percentage that board-only pay is of *total* pay including that for committees, based on medians for the three industry categories.

Board Meeting Frequency

In general, financial companies hold more board meetings than do the other kinds of firms (see Table 14). Overall, the median board meeting frequency for the 192 financial firms providing this information is ten per year; in both the manufacturing and nonfinancial service categories the median is six meetings per year. The high figure for the financial category is largely attributable to the fact that most banks and bank holding companies meet monthly; only one-fourth of the commercial banks meet less often than 11 times a year, for example.

Among nonfinancial firms, the survey shows that, as one might expect, there tends to be a correlation of directors' compensation with both board meeting frequency and company size. For example, four of the manufacturing industries that are among the highest in average number of board meetings reported—approximately eight meetings a year—are also among the best-paying. (The industries are aerospace, drugs, paper and steel; see Table 2 for their median total potential compensation figures). The connection between company size and meeting frequencies for nonfinancial companies shows clearly in Table 15.

Table 8: Forms of Compensation for Regular Board Service

	Percent of Companies Using Each		
Forms of Compensation	*466 Manufacturing Companies*	*190 Financial Companies*	*299 Nonfinancial Service Companies*
Annual retainer:			
Both retainer and per-meeting fee	81%	82%	87%
Retainer only	16	10	10
Total paying retainer	97%	92%	97%
Per-meeting fee only	3	8	3
Totals	100%	100%	100%

Table 9: Retainers Paid for Regular Board Service, by Industry Category

Industry Category	*Companies by Method of Payment*	*Range of Retainers*	*Median Retainer*
Manufacturing	376 that pay retainer and fee	$1,800–$25,400	$12,000
	74 that pay retainer only	$3,000–$46,500	$15,000
Financial	153 that pay retainer and fee	$1,200–$20,000	$ 8,000
	19 that pay retainer only	$1,200–$30,000	$ 9,600
Nonfinancial service	256 that pay retainer and fee	$1,500–$25,000	$10,000
	30 that pay retainer only	$3,000–$25,000	$15,000

Table 10: Retainers Paid for Regular Board Service, by Company Size

Company Size by Sales[1] (Millions of Dollars)	Ranges and Medians of Retainers Paid								
	Manufacturing			Financial			Nonfinancial Service		
	Number of Companies	Range	Median	Number of Companies	Range	Median	Number of Companies	Range	Median
Under $100	50	$ 1,800–$20,000	$ 6,000	9	$1,200–$30,000	$ 8,400	27	$2,000–$15,000	$ 7,000
100–149	38	$ 3,000–$17,500	$ 7,300	3	$3,000–$ 6,000	$ 4,000	15	$3,000–$10,800	$ 5,000
150–199	22	$ 4,000–$24,000	$ 8,200	3	$4,000–$10,000	$ 5,000	17	$1,500–$12,500	$ 9,000
200–349	55	$ 2,400–$27,500	$ 9,000	9	$1,800–$10,000	$ 5,000	27	$3,000–$20,000	$ 7,200
350–499	38	$ 4,400–$30,000	$10,750	7	$1,200–$ 8,000	$ 5,000	38	$2,000–$20,000	$ 8,000
500–749	38	$ 5,000–$22,000	$12,000	6	$4,800–$ 9,600	$ 7,050	22	$2,400–$20,000	$ 5,600
750–999	32	$ 6,000–$18,000	$12,000	10	$2,500–$20,000	$ 8,450	18	$3,000–$24,000	$ 9,175
1,000–1,999	64	$ 3,600–$26,000	$15,000	19	$2,000–$20,000	$ 5,000	47	$1,800–$25,000	$12,000
2,000–2,999	32	$ 6,300–$25,400	$14,500	19	$3,000–$20,000	$ 6,000	20	$7,800–$20,000	$13,600
3,000–4,999	43	$12,000–$46,500	$18,000	23	$2,500–$20,000	$ 7,500	27	$8,000–$25,000	$15,000
5,000 and over	41	$12,000–$35,000	$20,000	64	$2,400–$24,000	$10,500	27	$5,000–$25,000	$16,000

[1]By assets for financial companies.

Table 11: Fees Paid for Regular Board Meetings

Industry Category	Companies by Method of Payment	Range of Fees	Median Fee
Manufacturing	377 that pay fee and retainer	$100–$2,000	$600
	14 that pay fee only	$100–$2,000	$775
Financial	156 that pay fee and retainer	$ 75–$3,000	$500
	14 that pay fee only	$200–$1,500	$450
Nonfinancial service	257 that pay fee and retainer	$125–$2,000	$500
	9 that pay fee only	$300–$1,000	$750

Table 12: Total Board-Only Annual Compensation,[1] by Company Size

Company Size by Sales[2] (Millions of Dollars)	Manufacturing		Financial		Nonfinancial Service	
	Number of Companies	Median Board-Only Compensation	Number of Companies	Median Board-Only Compensation	Number of Companies	Median Board-Only Compensation
Under $10	5	$10,600	2	$ 2,750	4	$11,550
10–24	8	$ 4,650	2	$11,800	4	$ 5,250
25–49	14	$ 8,180	2	$ 9,650	9	$ 8,000
50–99	29	$ 8,500	6	$10,950	17	$ 8,000
100–149	38	$ 9,900	3	$ 5,500	15	$ 9,000
150–199	23	$11,000	4	$ 7,500	17	$12,000
200–349	56	$12,000	12	$ 5,500	28	$10,000
350–499	38	$15,000	8	$ 6,900	38	$10,950
500–749	39	$16,000	8	$ 8,100	22	$10,000
750–999	32	$17,550	11	$10,600	18	$12,800
1,000–1,999	64	$20,000	22	$ 9,500	48	$15,000
2,000–2,999	32	$19,100	19	$12,000	21	$17,400
3,000–4,999	44	$24,000	25	$10,500	28	$20,350
5,000 and over	42	$25,000	66	$16,025	27	$21,400
Median		$15,950		$11,000		$13,800

[1]Annual compensation for regular board service only, excluding any pay for committee service. (In some companies this payment is intended to compensate directors for committee service as well as full board service; 13 percent of respondents do not pay separately for committees.)
[2]By assets for financial companies.

Table 13: Board-Only Compensation as a Percentage of Total Compensation Including Committees

Industry Category	*Median Percentage*
Manufacturing	87.6%
Financial	83.3%
Nonfinancial service	88.0%

Table 14: Number of Board Meetings Per Year, by Industry Category

Industry Category	*Range of Meeting Frequencies*	*Median*	*Mode*
Manufacturing	1–13	6	4,6
Financial	4–18	10	10
Nonfinancial service	4–14	6	4

Table 15: Number of Board Meetings Per Year, by Company Size

	Industry and Board Meeting Frequency								
	Manufacturing			*Financial*			*Nonfinancial Service*		
Company Size by Sales (Millions of Dollars)*	*Range*	*Median*	*Mode*	*Range*	*Median*	*Mode*	*Range*	*Median*	*Mode*
Under $100	1–12	5	4	4–12	9.5	12	4–12	5	4
100–199	4–13	6	4	4–13	6	4,12	4–12	5	4
200–499	3–12	6	4	4–13	11	12	4–12	6	4
500–999	4–11	6	5	4–13	12	12	4–14	7	4,6
1,000–2,999	3–13	8	10	4–12	9	12	4–13	8	12
3,000 and over	4–13	10	10	4–18	9	12	4–13	9.5	12

*By assets for financial companies.

Chapter 3

Compensation for Service on Board Committees

This chapter presents information on compensation paid specifically for serving on board committees—payment in addition to remuneration for regular board service. It includes findings on compensation to chairmen of board committees, where that responsibility is rewarded with higher pay. The chapter also contains data on how many committees the surveyed companies have, and how often they meet.

Prevalence of Payment for Committees

Table 16 summarizes practice concerning payment for committee service and for chairing committees. Its figures indicate:

- that almost every cooperating company has at least one board committee;
- that most companies pay directors for committee service;
- that a sizable minority pays chairmen of committees more than committee members receive.

The table also shows little change in these practices since 1983.

Methods of Payment for Board Committees

Table 17, which shows the method of payment (retainer, fee or both) used to compensate directors for committee service, indicates that the per-meeting fee is by far the most common form of payment for this purpose, as it customarily has been.

Amounts of Payment for Board Committees

Dollar figures for service on principal board committees in the three major industry categories are presented in Tables 18, 19, and 20. The tables contain ranges and medians of fees and of retainers paid for each committee. On average, financial companies tend to pay slightly smaller per-meeting fees than those that prevail in other industries. A median fee of $500 occurs most often, however, among all three categories. Retainers, which are paid only by a small minority of companies, seem to fluctuate more, although $2,000 is the most common median among manufacturers.

The 1984 committee median figures differ little from the comparable figures from the prior year, except that median fees for some committees in the financial category increased by $100.

Forms and Amounts of Payment to Chairmen of Board Committes

Table 15 shows that a new high of 42 percent of companies with committees pay committee chairmen extra. Tables 21, 22, and 23 spell out the forms and amounts of compensation paid for chairing principal committees, as reported by companies in the three major industry categories. The highlights of these tables:

- Median per-meeting fees paid to chairmen are highest in the manufacturing sector, where they are commonly $150 higher than those for committee members, and lowest in financial firms.
- Median retainers for chairmen are from $500 to $1,000 larger, typically, than the median retainers reported for committee membership;
- For the audit, executive and finance committees, chairman retainers amounting to $20,000 or more are not unusual; in manufacturing, they can exceed $100,000.
- Whereas the fee is the most common vehicle for paying for committee membership, the retainer is favored for compensating committee chairmen, especially by manufacturing companies (Table 21).

Number of Committees Per Company

From the point of view of the individual director, compensation as a member of a particular board is affected by how many committees he or she serves on. This can depend, in turn, on how many different committees that board has.

Tables 24 and 25 deal with the number of committees reported per company, the first by industry category, the second by company size. Table 24 shows that, overall, roughly half the companies have either three or four committees;

in fact, the median number of committees per company is four in each major industry category. But a closer look at the table reveals differences among the three groups and shows that financial companies have the highest average per-company count for committees, followed by manufacturing and then nonfinancial service companies. In fact, 50 percent of financial companies have 5 or more committees; in manufacturing this is true for only 41 percent, and in service companies, 39 percent.

It is easy to see from Table 25 that among manufacturing and nonfinancial service companies, the larger the company, the more board committees it is apt to have. Though less obvious, a similar connection between size and number of committees also exists among financial firms. About half of all financial firms in the sample are in the table's largest size category of $3 billion and more in assets. These companies have a median of five committees per company, while smaller companies have smaller medians.

How Often Committees Meet

The figures in Table 26 indicate that financial companies tend to have more committee meetings than do other types of companies. Medians for the executive and finance committees are especially high for financial firms, at six and five meetings a year, respectively.

In the other two industry categories, a median meeting frequency of three appears most often. In both categories, the finance committee appears to be the one that meets most often, as indicated by the medians.

Table 16: Incidence of Payment to Members and Chairmen of Board Committees

Companies that:	1984 Number of Companies	1984 Percent	Corresponding 1983 Percent
Have at least one committee with outside director(s) as member(s)	949	99%[a]	99%[a]
Pay extra for committee service	835	88%[b]	90%[b]
Pay chairmen of committee(s) more than committee members	394	42%[b]	39%[b]

[a]Percentage based on total respondents.
[b]Percentage based on number of companies that have or had committees.

Table 17: Methods of Payment for Principal Board Committees

Committee	Total Companies Paying	Methods of Payment Used (by Number of Companies): Fee Only	Fee and Retainer	Retainer Only
Audit	813	682	75	56
Compensation	697	595	57	45
Executive	514	429	51	34
Nominating	398	352	30	16
Finance	231	195	19	17
Pension or Employee Benefits	153	133	14	6
Public Policy	93	78	13	2
Stock Option	90	80	7	3
Investment	45	39	2	4
Planning	43	39	2	2
Human Resources	35	32	3	—
Contributions	22	20	2	—

Table 18: Forms and Amounts of Payment for Principal Board Committees, Manufacturing Companies

	Forms and Amounts of Payment					
	Fees			Retainers		
Committee	Number of Companies	Range of Fees	Median	Number of Companies	Range of Retainers	Median
Audit	348	$100–$2,000	$500	76	$ 500–$31,800	$2,000
Compensation	311	$100–$2,000	$500	65	$ 500–$31,800	$2,000
Executive	198	$100–$1,135	$500	41	$ 500–$75,000	$2,000
Nominating	192	$140–$1,100	$500	30	$1,000–$10,000	$2,000
Finance	105	$100–$1,000	$500	23	$1,000–$45,000	$2,000
Pension or Employee Benefits	80	$100–$1,000	$500	14	$ 500–$ 5,500	$2,000
Stock Option	50	$100–$1,000	$500	7	$ 500–$ 3,000	$1,000
Public Policy	41	$300–$1,000	$600	10	$1,000–$10,000	$1,750
Investment	19	$300–$1,500	$550	3	$1,000–$ 4,800	$1,500
Planning	16	$300–$1,000	$500	3	$1,000–$ 2,000	$1,500
Human Resources	14	$500–$ 700	$500	1	$ 2,000	$2,000
Contributions	9	$400–$1,000	$600	2	$3,000–$ 3,500	$3,250

Table 19: Forms and Amounts of Payment for Principal Board Committees, Financial Companies

	Forms and Amounts of Payment					
	Fees			Retainers		
Committee	Number of Companies	Range of Fees	Median	Number of Companies	Range of Retainers	Median
Audit	156	$ 25–$1,250	$400	25	$ 500–$ 5,000	$ 2,000
Compensation	123	$ 50–$1,000	$400	15	$1,000–$ 5,000	$ 2,500
Executive	120	$ 25–$1,500	$500	14	$ 500–$10,000	$ 2,500
Nominating	67	$ 25–$1,000	$500	6	$ 500–$ 4,000	$ 1,750
Finance	33	$100–$1,000	$500	6	$ 500–$12,000	$ 4,500
Pension or Employee Benefits	23	$100–$ 700	$400	3	$1,500–$ 3,000	$ 1,500
Stock Option	19	$100–$ 500	$300	0	—	—
Public Policy	18	$100–$ 850	$500	2	$ 500–$ 1,000	$ 750
Investment	17	$100–$1,000	$500	1	$10,500	$10,500
Planning	11	$100–$1,000	$400	0	—	—
Human Resources	10	$100–$ 660	$500	1	$ 500	$ 500
Contributions	5	$400–$ 500	$500	0	—	—

Table 20: Forms and Amounts of Payment for Principal Board Committees, Nonfinancial Service Companies

	Forms and Amounts of Payment					
	Fees			Retainers		
Committee	Number of Companies	Range of Fees	Median	Number of Companies	Range of Retainers	Median
Audit	253	$100—$2,000	$500	30	$ 200–$15,000	$2,450
Compensation	218	$100—$1,200	$500	22	$ 200–$15,000	$2,450
Executive	162	$125–$10,000	$500	31	$ 200–$16,000	$2,500
Nominating	123	$200—$1,000	$500	10	$1,000–$15,000	$1,100
Finance	76	$200—$1,100	$500	7	$1,000–$ 9,000	$2,500
Pension or Employee Benefits	44	$200—$1,000	$500	3	$1,000–$ 3,650	$1,000
Public Policy	32	$250—$ 900	$600	3	$1,000–$ 2,400	$1,000
Stock Option	18	$250—$2,000	$500	3	$1,000–$ 2,500	$2,000
Planning	14	$200—$ 800	$500	1	$ 3,500	$3,500
Human Resources	11	$255—$ 750	$500	1	$ 1,000	$1,000
Contributions	8	$250—$ 500	$450	0	—	—
Investment	5	$250—$ 800	$575	2	$1,000–$ 9,000	$5,000

Table 21: Compensation of Chairmen of Board Committees, Manufacturing Companies[1]

Committee	Number of Companies that Pay Chairmen A Retainer	Range of Retainers	Median Retainer	Number of Companies that Pay Chairmen A Fee	Range of Fees	Median Fee
Audit	151	$1,000—$38,400	$2,500	53	$250–$2,000	$750
Compensation	128	$1,000—$45,000	$2,500	45	$250–$2,000	$750
Nominating	76	$1,000—$11,000	$2,000	27	$400–$2,000	$750
Executive	41	$1,000–$100,000	$2,500	25	$250–$2,000	$750
Finance	47	$1,000–$147,000	$2,500	15	$460–$2,000	$750
Pension or Employee Benefits	33	$1,000—$ 7,500	$3,000	14	$275–$1,500	$750
Public Policy	18	$1,000—$11,000	$2,500	6	$600–$2,000	$900
Planning	7	$2,000—$ 3,300	$2,400	4	$350–$2,000	$875
Investment	7	$1,500—$ 2,500	$2,000	3	$600–$2,000	$600
Stock Option	3	$1,000—$ 3,000	$2,000	7	$275–$ 900	$500
Human Resources	5	$1,000—$ 5,000	$1,500	3	$500–$1,000	$600
Contributions	2	$3,000—$ 3,300	$3,150	4	$500–$1,250	$675

[1]Includes only chairmen who are paid more than regular committee members. Some committee chairmen included in this table are employee directors; how many and on what committees can not be determined from the data.

Table 22: Compensation of Chairmen of Board Committees, Financial Companies[1]

Committee	Number of Companies that Pay Chairmen A Retainer	Range of Retainers	Median Retainer	Number of Companies that Pay Chairmen A Fee	Range of Fees	Median Fee
Audit	53	$ 500–$25,000	$2,700	29	$100–$1,500	$600
Compensation	32	$ 500–$15,000	$2,250	23	$200–$3,000	$500
Nominating	22	$1,000–$ 8,000	$1,750	8	$400–$1,500	$550
Executive	11	$1,000–$12,000	$3,000	7	$450–$ 900	$600
Public Policy	9	$1,000–$ 7,500	$3,000	5	$400–$ 900	$600
Finance	5	$1,000–$25,000	$2,000	7	$400–$1,500	$600
Pension or Employee Benefits	5	$ 750–$ 5,000	$1,200	3	$400–$ 650	$500
Human Resources	4	$2,000–$ 5,000	$2,200	0	—	—
Investment	2	$1,000–$ 5,000	$3,000	2	$500–$ 600	$550
Stock Option	2	$1,000–$ 1,200	$1,100	1	$400	$400
Planning	0	—	—	3	$400–$1,500	$900
Contributions	1	$1,000	$1,000	0	—	—

[1]Includes only chairmen who are paid more than regular committee members. Some committee chairmen included in this table are employee directors; how many and on what committees can not be determined from the data.

Table 23: Compensation of Chairmen of Board Committees, Nonfinancial Service Companies[1]

Committee	Number of Companies that Pay Chairmen A Retainer	Range of Retainers	Median Retainer	Number of Companies that Pay Chairmen A Fee	Range of Fees	Median Fee
Audit	69	$ 425–$34,000	$2,500	32	$300–$1,600	$ 700
Compensation	55	$ 800–$18,000	$2,500	32	$300–$1,600	$ 700
Nominating	33	$ 425–$16,000	$2,500	18	$300–$1,600	$ 700
Executive	19	$1,000–$30,250	$5,000	15	$350–$1,600	$ 600
Finance	23	$ 800–$20,000	$2,500	7	$300–$1,600	$ 500
Public Policy	17	$1,000–$ 3,600	$2,000	3	$700–$1,500	$1,000
Pension or Employee Benefits	12	$1,000–$ 5,500	$2,500	6	$300–$1,250	$ 700
Stock Option	2	$3,000–$ 4,000	$3,500	3	$600–$1,600	$ 750
Planning	4	$1,200–$ 4,000	$2,625	0	—	—
Human Resources	4	$ 425–$ 3,000	$1,625	0	—	—
Investment	3	$2,000–$18,000	$5,000	0	—	—

[1]Includes only chairmen who are paid more than regular committee members. Some committee chairmen included in this table are employee directors; how many and on what committees can not be determined from the data.

Table 24: Number of Committees Reported Per Company, by Industry Category

Number of Committees	Total Number of Companies Reporting Each	Percent	Manufacturing		Financial		Service	
			Number of Companies	Percent	Number of Companies	Percent	Number of Companies	Percent
1–2	95	10%	40	9%	15	8%	40	14%
3–4	450	47	230	50	82	43	138	47
5–6	331	35	160	34	73	38	98	33
7–8	64	7	30	6	15	8	19	6
9–12	11	1	4	1	7	4	—	—
Totals	951	100%	464	100%	192	101%[a]	295	100%
Median			4		4		4	
Mode			4		5		3	
Mean			4.3		4.6		4.1	

[a]Details do not add to 100% because of rounding.

Table 25: Number of Committees Reported Per Company, by Company Size

	Company Size Categories[1] (Millions of Dollars)					
	Under $100	*100–199*	*200–499*	*500–999*	*1,000–2,999*	*3,000 and over*
			Manufacturing Companies			
Number of companies	56	61	95	71	96	85
Range of number of committees reported	1–12	1–7	2–7	2–7	2–9	2–10
Median number of committees reported	3	4	4	4	5	5
Mode	3	3	4	4	5	5
			Financial Companies			
Number of companies	12	7	20	21	41	91
Range of number of committees reported	1–6	2–5	2–5	1–7	2–10	2–11
Median number of committees reported	3	2.3	4	3.4	4	5
Mode	3	2	3,4	3	4	5
			Nonfinancial Service Companies			
Number of companies	34	32	65	39	69	55
Range of number of committees reported	2–7	1–6	1–8	2–7	1–8	1–8
Median number of committees reported	3	4	4	4	4	5
Mode	3	5	3	3	4	5

[1]Measured in sales for manufacturing and nonfinancial services, assets for financial.

Table 26: Annual Frequency of Meetings of Principal Committees

	Manufacturing Companies		*Financial Companies*		*Nonfinancial Service Companies*	
Committee	*Range of Meeting Frequencies*	*Median*	*Range of Meeting Frequencies*	*Median*	*Range of Meeting Frequencies*	*Median*
Audit	1–9	3	1–13	4	1–10	3
Compensation	1–13	3	1–12	3	0–10	3
Executive	0–61	3	0–52	6	0–50	3
Nominating	0–7	2	0–12	2	0–6	1
Finance	0–24	4	1–52	5	0–12	3.5
Pension or Employee Benefits	1–23	3	0–11	3	0–8	3
Public Policy	1–12	2	1–11	3	1–9	3
Stock Option	0–12	2	1–7	2	0–10	1

Chapter 4
Benefits for Directors

The practice of augmenting outside directors' cash compensation with benefits or perquisites—the so-called "fringes"—has been increasing in recent years, but at a much slower pace than the substantial pay raises received by directors during this same period. The 1984 survey confirms the continuation of this gradual but steady trend. The data even show that one benefit—deferred compensation—has barely (51 percent) established itself as a majority practice among the participants. Directors and officers liability insurance, or D&O, has been found in a majority of companies for some years now.

How Many Companies Provide Benefits

If one counts D&O insurance as a benefit, then 93 percent of the companies in the survey provide some form of benefit to outside board members. If D&O is left out of the count on grounds that it has become all but a necessity, rather than an optional fringe, then 76 percent of the responding companies provide benefits—an impressive statistic in its own right. Five years ago, in the 1979 survey, the comparable figure was only 42 percent.

Number of Benefits Reported Per Company

Overall, about a fourth of the companies reporting any kind of benefit for outside directors have only one, and just under half (45 percent) have either one or two. But manufacturing companies make greater use of benefits than do other types of companies, as can be seen from the figures in Table 27. The table shows the number of benefits reported by those respondents having at least one. Forty-three percent of the manufacturing companies represented in this survey have more than three benefits for their outside board members; about 15 percent of the manufacturing firms have six or more.

Types of Benefits Provided

A list of all benefits reported by ten or more companies is shown in Table 28. All are non-cash items except retirement plans, a recent addition to the list. Mentions of insurance coverages of various kinds outnumber noninsurance benefits, as they have in past surveys. but the biggest percentage gains since 1983 are in two noninsurance benefits: deferred compensation plans, up 9 percent to 51 percent; and retirement or pension arrangements, up to 11 percent from 4 percent the year before.

In addition to the benefits with ten or more mentions listed in Table 28, others that were reported with less frequency include kidnap and extortion insurance (seven companies), personal accident insurance (three), use of company car (three), use of company apartment or lodge (three), disability insurance (two), dependent life insurance (two), financial counseling (two), and a dividend-reinvestment plan for company stock (one).

Some further observations about benefits for directors:

D&O insurance: Essentially, this coverage is designed to reimburse directors should they be sued—as directors—and incur legal and other expenditures as a result. (If the *company* reimburses the director, then the insurance benefit goes to the company.) Many directors will serve on a board only if they have this protection, which helps account for the fact that most of the companies in the survey carry it, and that it was referred to above as a necessity, rather than a "fringe."

The most common coverage limits of the D&O policies reported by survey participants are set forth in Table 29. Overall, the median coverage limit of $25 million is up from $20 million in 1983. A study of the table and supporting data indicates some industry differences:

—Nonfinancial service companies have both the highest median coverage, at $25 million, and the highest mode, at $50 million;

—Coverage limits in the financial sector peak at a lower point than is the case in other industries. Only about 20 percent of the financial firms have limits above the $25 million mark, whereas roughly 35 and 40 percent of the manufacturing and service companies, respectively, exceed that limit of coverage.

In a few companies, as Table 28 shows, D&O coverage

is augmented by other related kinds of policies, such as those designed specifically to cope with the fiduciary implications of the Employee Retirement Income Security Act (ERISA).

Health-related insurance: Travel-accident insurance remains the most popular health-related coverage: It is reported by 40 percent of the 1984 respondents, up by 2 percent from 1983. Many of these policies limit coverage of directors to travel connected with board service. Dental insurance is not yet offered to directors by many companies.

Benefits other than insurance: It has already been noted that the percentage of companies that enable directors to defer receipt of board compensation until after retirement from board service reached the 51 percent level in 1984. Only five years ago, this figure was only 20 percent.

Retirement plans for directors were reported by 11 percent of the 1984 respondents overall; five years ago, this kind of benefit was something of a rarity. At this time, apparently, it is chiefly manufacturing companies that have been setting up such plans for their directors; 15 percent of the manufacturers in the survey have them, but only 8 percent of the nonfinancial service companies and 6 percent of the financial firms do.

A retirement plan provides income to an outside director after he or she retires from the board. Receipt of this benefit usually depends on meeting requirements for having reached a specified age and for having served a specified number of years as a director. This benefit is entirely distinct and separate from money earned as *compensation* during board service but set aside under a deferred compensation plan. For information on how deferred compensation plans and retirement plans for directors work, see James K. Brown, *Corporate Directorship Practices: Retirement Pay and Deferred Compensation for Outside Directors*. Research Bulletin No. 115, The Conference Board, 1982.

Table 27: Number of Benefits Reported Per Company, by Major Industry Category

	Manufacturing		*Financial*		*Nonfinancial Service*	
Number of Benefits	*Number of Companies*	*Percent*	*Number of Companies*	*Percent*	*Number of Companies*	*Percent*
1	101	23%	44	26%	57	20%
2	78	18	50	29	69	24
3	71	16	26	15	57	20
4	83	19	25	15	43	15
5	43	10	19	11	35	12
6	34	8	3	2	15	5
7	16	4	4	2	7	2
8	7	2	1	1	1	a
9	2	a	—	—	1	a
10	1	a	—	—	—	—
Totals	436	100%	172	100%[b]	285	100%
Median	3		2		3	
Mode	1		2		2	
Mean	3.3		2.8		3.0	

[a]Less than 1 percent.

[b]Details may not add to 100% because of rounding.

[1]Based on companies that report having at least one benefit (83% of respondents do, overall).

Table 28: Principal Insurance and Other Benefits Provided to Outside Directors

Benefit	Number and Percent of Companies Mentioning[1] 1984 Number of Companies	1984 Percent	1983 Percent
Insurance Coverage:			
Directors and officers liability	817	85%	N/A[2]
Travel accident	386	40	38%
Accidental death and dismemberment	157	16	15
Life	148	15	14
Medical and hospitalization	68	7	7
Dental	18	2	N/A[2]
Fiduciary/ERISA	16	2	N/A[2]
Personal excess liability	12	1	N/A[2]
Noninsurance Benefits:			
Deferred receipt of board compensation	489	51	42
Matching donations (educational, cultural, health, other)	311	32	30
Retirement or pension plan	105	11	4
Free or discounted company products or services	97	10	9
Stock options (19), stock purchase plans (8)	27	3	N/A[2]
Physical examinations	11	1	N/A[2]

[1]Benefits reported by 10 or more companies.
[2]Comparable data not available.

Table 29: Most Common Limits of Coverage for Directors and Officers Liability Insurance

Most Frequently Reported Limits of Coverage[1] (in millions)	All Companies Number of Companies	All Companies Percent	Manufacturing Number of Companies	Manufacturing Percent	Financial Number of Companies	Financial Percent	Nonfinancial Service Number of Companies	Nonfinancial Service Percent
$3	10	1%	5	1%	4	3%	1	*
5	56	8	27	8	11	8	18	7%
10	126	17	73	21	22	17	31	12
15	56	8	23	7	15	12	18	7
20	90	12	41	12	20	15	29	12
25	106	14	41	12	30	23	35	14
30	31	4	17	5	4	3	10	4
35	12	2	8	2	2	2	2	1
40	21	3	14	4	3	2	4	2
50	109	15	50	14	8	6	51	20
75	15	2	9	3	1	1	5	2
100	45	6	18	5	4	3	23	9
150	8	1	2	1	0	—	6	2
Median	$25 million		$20 million		$20 million		$25 million	

[1]Other limits, reported by 51 companies, range from under $1 million to $215 million.
[2]Percentages are based on number of companies in column's category that reported their coverage limit; overall, 736 companies did so. Percentage columns will not add to 100% because of companies not included in tabulation.
*Less than 1 percent.

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